

Message Text

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14

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2127

UNCLAS CARACAS 2191

E.O. 11652: N/A

TAGS: EGEN, VE

SUBJ: ZULIA STEEL PLANT-EARLY WARNING

REF: CARACAS 0477

1. DR. JOSE CASAL, MINISTER OF DEVELOPMENT AND PRESIDENT OF THE NATIONAL STEEL COUNCIL, ANNOUNCED IN A FEB. 23 INTERVIEW IN EL UNIVERSAL THAT THE PROJECTED ZULIA STEEL PLANT WILL BE A GOVERNMENT-CONTROLLED, MIXED COMPANY WITH OPPORTUNITIES FOR MINORITY PARTICIPATION BY QUALIFIED FOREIGN FIRMS. THE TOTAL INVESTMENT IN THE ZULIA PROGRAM WILL REACH 15 BILLION BOLIVARS.

2. AND ADDITIONAL 1.6 BILLION BOLIVARS IN INVESTMENT WILL BE REQUIRED FOR 14 SPECIFIC SATELLITE PROJECTS THAT HAVE ALREADY BEEN PROPOSED BY PRIVATE PROMOTORS AND APPROVED BY THE NATIONAL STEEL COUNCIL. THE STELLITE PROJECTS INCLUDE: EIGHT PLANTS WITH A TOTAL ANNUAL CAPACITY OF 800,000 TONS OF WELDED TUBING; A PLANT WITH ANNUAL CAPACITY OF 480,000 TONS OF SPECIALTY STEEL PRODUCTS, INCLUDING BILLETS, IRON BARS, AND WIRE ROD; A PLANT TO PRODUCE 15,000 TONS OF WIRE ROD ANNUALLY; A PLANT TO PRODUCE 25,000 TONS OF CAST IRON; A PLANT TO BE DEVELOPED IN TWO STAGES TO PRODUCE 400,000 TONS OF IRON BAR; A PLANT TO PRODUCE 6,000 TONS OF CASTINGS FOR GRINDERS. IT IS PLANNED THAT GOV AGENCIES SUPPLY 430 MILLION BOLIVARS IN CREDITS FOR THE

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14 PROJECTS WITH THE REST OF THE FUNDING COMING FROM THE PRIVATE

COMPANIES, BANKS AND OTHER LENDERS.

3. SOURCE WITHIN SIDOR INDICATES THAT COSTS WILL GO TO 25
BILLION BOLIVARS WITH FINANCING CHARGES INCLUDED AND THAT
HIGHLEVEL TECHNICIANS ARE ALREADY BEING
STOLEN AWAY FROM SIDOR TO BEGIN WORK ON ZULIA PROJECT.
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